



## **MANAGEMENT’S DISCUSSION AND ANALYSIS THIRD QUARTER ENDED SEPTEMBER 30, 2015**

The following management’s discussion and analysis (“MD&A”) of EURO Ressources S.A. (“EURO” or the “Company”) for the third quarter ended September 30, 2015 and dated November 10, 2015, has been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. The Company’s auditors have not reviewed this management’s discussion and analysis. This MD&A should be read in conjunction with EURO’s annual audited financial statements and related notes for the year ended December 31, 2014. Financial information is presented in Euros (€ or euros), unless stated otherwise and in accordance with International Financial Reporting Standards as adopted by the International Accounting Standards Board. Additional information on EURO can be found at [www.sedar.com](http://www.sedar.com). EURO’s securities trade on the NYSE Euronext Paris stock exchange under the symbol EUR. Readers are cautioned that this financial information contains certain forward-looking information as described in this MD&A.

### **About EURO**

EURO is a French company whose principal asset is a gold production royalty from the Rosebel gold mine in Suriname (the “Rosebel royalty”). The Rosebel gold mine is 95% owned by IAMGOLD Corporation (“IAMGOLD”), and is operated by IAMGOLD. EURO has approximately 62.5 million shares outstanding. IAMGOLD France S.A.S., an indirect wholly owned subsidiary of IAMGOLD, owned 86% (86% at December 31, 2014) of all outstanding shares of EURO at September 30, 2015.

EURO receives quarterly royalty payments from IAMGOLD. The Rosebel royalty applies to the first seven million ounces of gold produced from the Rosebel mine and is calculated on the basis of gold production at the Rosebel mine and the market price of gold based on the London PM fixing price. The Rosebel mine has produced 4.0 million ounces of gold since production commenced and 3.0 million ounces of gold remain under the Rosebel royalty contract. The Rosebel royalty is calculated based on 10% of the excess gold market price above US\$300 per ounce for soft and transitional ore, and above US\$350 per ounce for hard rock ore, and, in each case, after deducting a fixed royalty of 2% of production paid in-kind to the Government of Suriname.

## **STATEMENTS REGARDING FORWARD-LOOKING INFORMATION**

This MD&A contains forward-looking statements, with respect to the Company's financial condition, results of operations, business prospects, plans, objectives, goals, strategies, future events and capital expenditures. Words such as "anticipates", "expects", "intends", "plans", "forecasts", "projects", "budgets", "believes", "seeks", "estimates", "could", "might", "should", and similar expressions identify forward-looking statements. Although the Company believes that its plans, intentions and expectations reflected in these forward-looking statements are reasonable, the Company cannot be certain that these plans, intentions or expectations will be achieved. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements contained in this MD&A. These statements may include comments regarding the closing of certain transactions including acquisitions and offerings and expectations of future participation rights payments.

## **INTRODUCTION**

The functional currency of EURO is the United States dollar since this is the currency in which its major transactions, such as income from royalties and the related cash are denominated.

The currency exchange rate used to present the balance sheets in euros was €1 for US\$1.1176 at September 30, 2015 (€1 for US\$1.2101 as at December 31, 2014). The average currency exchange rate for the nine months ended September 30, 2015, used to present the Company's income statements, statements of comprehensive income and cash flow statements was €1 for US\$1.1210 (nine months ended September 30, 2014: €1 for US\$1.3619). Significant transactions are translated at the exchange rate on the date of the transaction.

## **RESULTS OF OPERATIONS**

### **Third quarter ended September 30, 2015 compared to the third quarter of 2014**

EURO reported a net profit of €3.4 million (€0.054 per share) for the third quarter of 2015 compared to €3.5 million (€0.055 per share) for the third quarter of 2014. The decrease was mainly the result of lower revenues from royalties partially offset by lower income tax expense in 2015.

Revenues were €5.3 million during the third quarter of 2015, a decrease of 16% compared to revenues of €6.3 million for the third quarter of 2014. Revenues were mainly attributable to the Rosebel royalty of €5.2 million (third quarter of 2014: €6.2 million). The decrease in revenues was due to lower gold production of 73,435 ounces in the third quarter of 2015 compared to 87,890 ounces in the third quarter of 2014 (€1.0 million) and to the lower average gold price in the third quarter of 2015 of US\$1,124 per ounce compared to US\$1,282 per ounce in the third quarter of 2014 (€0.9 million), partially offset by the weaker euro (€0.9 million). Other royalties were €0.090 million from third parties in French Guiana during the third quarter of 2015 (€0.11 million during the third quarter of 2014).

Operating expenses for the third quarter of 2014 were €0.140 million compared to an income of €0.026 million in the third quarter of 2015. The decrease in 2015 was mainly due to an adjustment accounted for during the third quarter of 2015 of IAMGOLD's support fees previously invoiced to EURO in 2014 and during the first half of 2015.

Amortization expense of €0.14 million during the third quarter of 2015 was slightly lower compared to the same period in 2014 due to lower gold production partially offset by the impact of a weaker euro during the third quarter of 2015.

EURO recorded an income tax expense of €1.8 million in the third quarter of 2015 compared to €2.5 million in the third quarter of 2014. The decrease is mainly due to the tax impact of lower profit before income tax and lower translation adjustments during the third quarter of 2015.

### **Nine months ended September 30, 2015 compared to the same period in 2014**

EURO reported a net profit of €9.8 million (€0.157 per share) for the nine months ended September 30, 2015 compared to €9.6 million (€0.154 per share) for the nine months ended September 30, 2014.

Revenues were €17.5 million during the nine months ended September 30, 2015, an increase of 1% compared to revenues of €17.3 million for the same period in 2014. Revenues were mainly attributable to the Rosebel royalty of €17.2 million (nine months ended September 30, 2014: €17.0 million). The increase in revenues was due to the weaker euro (€3.0 million), partially offset by a lower average gold price in the nine months ended September 30, 2015 of US\$1,180 per ounce compared to US\$1,288 per ounce in the nine months ended September 30, 2014 (€1.8 million), and lower production of 228,732 ounces in the nine months ended September 30, 2015 compared to 243,157 ounces in the same period of 2014 (€1.0 million). Other royalties were €0.28 million from third parties in French Guiana during the first nine months of 2015 (€0.32 million during the first nine months of 2014).

Operating expenses for the nine months ended September 30, 2015 were €0.47 million compared to €0.6 million in the same period in 2014. The decrease in 2015 was mainly due to an adjustment accounted for in 2015 of IAMGOLD's support fees previously invoiced to EURO in 2014 and a reduction of these fees in 2015.

Amortization expense of €0.42 million during the first nine months of 2015 was higher compared to the same period in 2014 due to the impact of a weaker euro partially offset by lower gold production during the period ended September 30, 2015.

EURO recorded an income tax expense of €6.8 million in the nine months ended September 30, 2015 compared to €6.7 million in the same period of 2014. The increase is mainly due to the tax impact of higher profit before income tax during the first nine months of 2015.

### **OUTLOOK**

In 2015, the Rosebel royalty is expected to provide cash flow to the Company of between approximately €23.0 million and €23.8 million (US\$27.6 million and US\$28.5 million). These pre-tax numbers assume a gold price of US\$1,250 per ounce and an exchange rate of €1 for US\$1.2. The Rosebel royalty production is anticipated to be approximately between 305,000 and 316,000 ounces in 2015. The impact of changes in the average gold price on EURO's annual revenues, based on an estimated production of 311,000 ounces, would be approximately US\$3.0 million for each change in gold price of US\$100 per ounce. EURO's cash flow will primarily be affected by income tax payments, since there are no tax losses available to be carried forward to offset any future revenue. EURO expects that its cash-flow will be adequate to meet all corporate and related expenses.

## KEY FINANCIAL DATA

### Quarterly financial information

(In millions of euros, except per share data)	Q3 2015	Q3 2014	YTD 2015	YTD 2014
Revenues	€ 5.3	€ 6.3	€ 17.5	€ 17.3
Profit before income tax	€ 5.2	€ 6.0	€ 16.6	€ 16.3
Income tax expense	€ 1.8	€ 2.5	€ 6.8	€ 6.7
Net profit	€ 3.4	€ 3.5	€ 9.8	€ 9.6
Basic and diluted net profit per share	€0.054	€0.055	€0.157	€ 0.154
Total assets			€ 25.7	€ 28.6

### Quarterly data

(In millions of euros, except per share data)	2015			2014				2013
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	€ 5.3	€ 6.0	€ 6.2	€ 6.9	€ 6.3	€ 5.0	€ 6.0	€ 5.1
Net cash flow from operating activities	€ 3.7	€ 3.5	€ 5.3	€ 5.4	€ 3.5	€ 2.7	€ 1.8	€ 4.3
Net profit	€ 3.4	€ 3.6	€ 2.8	€ 3.4	€ 3.5	€ 2.6	€ 3.6	€ 9.8
Basic and diluted net profit per share	€0.054	€0.057	€0.045	€0.055	€0.055	€0.041	€0.059	€0.157

## LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents at September 30, 2015 totaled €4.4 million compared to €1.1 million at December 31, 2014. All of the cash and cash equivalents are unrestricted. EURO expects to have sufficient cash flow to fund its on-going operational needs.

During 2015, EURO continued to invest a portion of its excess liquidity in money market investments that were compliant with its short-term investment strategy to ensure a reasonable return with an appropriate level of risk.

## SHARE CAPITAL

As at September 30, 2015, and the date of this MD&A, the Company had 62,491,281 common shares outstanding with a par value of €0.01 per share. There were no shares issued during the first nine months of 2015.

On October 26, 2015, EURO filed a draft information note in response to a simplified friendly cash public tender offer (the "Offer") launched by IAMGOLD. This Offer, which was approved by the EURO Board of Directors, is to purchase the shares of EURO not already owned by IAMGOLD (14%) for cash consideration of €2.84 per share. It is subject to review by the relevant regulatory authority in France, the French Financial Market Authority (*Autorité des marchés financiers*).

## DIVIDENDS

On May 28, 2015, the Company paid a dividend of €9.4 million (€0.15 per share) as determined by the Board of Directors on May 13, 2015 and according to resolutions approved during the annual general meeting held on May 13, 2015 by shareholders who first approved the resolution providing for the distribution of dividends to a maximum of €9.4 million (€0.15 per share) provided that the Company had sufficient cash and cash equivalents, and authorized the Board of Directors to adjust the amount distributed depending on the level of available cash and cash requirements.

Any dividends proposed by the Board of Directors will take into account various factors, including EURO's net profit, financial condition, current and anticipated cash needs and will be subject to shareholders' approval. The amount of distributable dividends is based on the annual financial statements prepared in accordance with French generally accepted accounting principles.

## CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Company's management makes judgments in its process of applying its accounting policies in the preparation of its financial statements. In addition, the preparation of financial data requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical judgments, estimates and assumptions of the Company are reflected in note 2.11 of the Company's annual audited financial statements for the year ended December 31, 2014.

## ACCOUNTING POLICIES

These interim financial statements, including comparatives, have been prepared following the same accounting policies and methods of computation as the annual audited financial statements for the year ended December 31, 2014, except for the following interpretation from the IFRS Interpretation Committee, which was adopted by the Company during the nine months ended September 30, 2015, and applied in preparing these interim financial statements. The Company evaluated the impact of the change to its interim financial statements as a result of the new interpretation which is summarized as follows:

A translation gain or loss will arise as the local tax currency is not the same as the functional currency. Per the IFRS Interpretation Committee, such translation gain or loss should be accounted for as a deferred tax expense, and not grouped in foreign exchange gain or loss as was done previously. A deferred tax asset or liability is recognized on the difference between the carrying amount of the non-monetary assets and the underlying tax basis, translated to the functional currency using the current foreign exchange rate. The Company also decided to account for exchange differences arising from current foreign currency tax assets and liabilities within income tax expense. This adjustment did not have any impact on the balance sheets and resulted in a reclassification of foreign exchange loss to income tax expense.

(In millions of euros)	Third quarter ended September 30, 2014	Nine months ended September 30, 2014
Foreign exchange loss reclassified within income tax expense	€ 0.1	€ 0.1

## **FUTURE ACCOUNTING POLICIES**

For a discussion of future accounting policies that may impact the Company, refer to note 2.1.2 of the Company's unaudited condensed interim financial statements for the third quarter ended September 30, 2015.

## **RELATED PARTY TRANSACTIONS**

IAMGOLD France S.A.S., an indirect wholly owned subsidiary of IAMGOLD, is the majority shareholder of EURO (86% of all outstanding shares). Revenues from royalties related to the Rosebel mine during the third quarter of 2015 were €5.2 million (first nine months of 2015: €17.2 million) compared to €6.2 million during the third quarter of 2014 (first nine months of 2014: €17.0 million). The related amount receivable at September 30, 2015 was €5.2 million (December 31, 2014: €7.1 million) and was included in trade receivables.

During the third quarter of 2015, IAMGOLD adjusted support fees charged to EURO and sent a credit adjustment of €0.155 million to adjust the 2014 fees based on the actual cost incurred by IAMGOLD as per the agreement. The 2015 support fees have also been decreased based on the forecast for the year. These adjustments resulted in a net recovery of €0.121 million during the quarter ended September 30, 2015 (first nine months of 2015: net charge of €0.076 million) compared to fees of €0.083 million during the third quarter of 2014 (first nine months of 2014: €0.251 million). These charges are included in operating expenses (administrative costs). The related amount receivable at September 30, 2015 was €0.030 million and was included in trade receivables (December 31, 2014: payable of €0.035 million included in trade payables and other current liabilities).

## **DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING**

The Directeur-Général and the Directeur-Général Délégué have reasonable assurance that material information relating to the Company are known to them. The Directeur-Général and the Directeur-Général Délégué have concluded that the Company's disclosure controls and procedures and internal control over financial reporting are effective.

## **ADDITIONAL INFORMATION**

Additional information relating to EURO Ressources S.A. is available on SEDAR at [www.sedar.com](http://www.sedar.com). Information related to the Rosebel royalty can be found at IAMGOLD's website at [www.iamgold.com](http://www.iamgold.com). Further requests for information should be addressed to:

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